



TO: Workforce Innovation Council Chairman
Workforce Investment Board Chairpersons
Workforce Investment Board Director
Regional Workforce Board Chairpersons
Fiscal Agents
Regional Operators
Regional Coordinators

FROM: Ronald L. Stiver
Commissioner

DATE: May 10, 2006

SUBJECT: DWD Commissioner's Directive 2005-20
Final Program Year 2006 Workforce Investment Act Formula Allocations
to Indiana's Two Workforce Investment Boards and Eleven Regional Workforce
Boards beginning July 1, 2006

Purpose

To provide the policy for distributing the Program Year 2006 Workforce Investment Act Title I-B Adult, Dislocated Worker and Youth formula allocations. The program year runs from July 1, 2006 through June 30, 2007. In accordance with the Strategic Two Year Plan for Title I of the Workforce Investment Act of 1998 and the Wagner-Peyser Act, July 1, 2005 through June 30, 2007 for Indiana Workforce Development, the state of Indiana will be delivering services under a two workforce investment board structure. One workforce investment board will represent Marion County, with the balance of state being represented by a second workforce investment board. The workforce investment board for Marion County is the Indianapolis Private Industry Council. The Workforce Innovation Council will serve as the workforce investment board for the balance of state. The Workforce Innovation Council will distribute funding for the balance of state to Indiana's eleven regional workforce boards. The actual allocations will be announced after the allotment to the state has been received.

Content

With the Fiscal Year 2006 appropriation announcement, Congress imposed an across-the-board 1 percent rescission. Indiana's 1 percent rescission share is \$266,990. As in other program years, this entire amount will be absorbed at the state level. The change will not affect the two workforce investment boards and the eleven regional workforce boards' allocations. The workforce service area formula share contribution would have been \$190,135.

The Department of Workforce Development is announcing the policy for distributing the Program Year 2006 Workforce Investment Act formula allocations for adults, dislocated workers, and youth. This process will be a two part process. The first will be the distribution of allocations to Indiana's two workforce investment boards: Marion County and the balance of state. The second step in the process will be the allocation of the funds for the balance of state to the eleven regional workforce boards.

Mandatory Statewide Employment and Training Funding

Of the funding available for adults, dislocated workers and youth, not more than 15 percent may be reserved for statewide activities. Mandatory statewide employment and training activities include:

- ◆ Disseminating the list of eligible training providers for adults and dislocated workers, information identifying on-the-job training and customized training providers, and performance and program cost of such providers;
 - ◆ Publishing a list of youth providers;
 - ◆ Conducting evaluations of activities;
 - ◆ Providing incentive grants;
 - ◆ Providing technical assistance to local areas for failing standards;
 - ◆ Assisting in the establishment and operation of the one-stop system;
 - ◆ Providing additional assistance to local areas with high concentrations of youth; and
 - ◆ Operating a fiscal and management accountability information system.
- (Workforce Investment Act Section 134(a)(2)(B))

Distribution of Allocations to Indiana's Two Workforce Investment Boards: Marion County and the Balance of State

Adult Formula Allocations to Indiana's Two Workforce Investment Boards

The following describes the formula for the adult allocation to Indiana's two workforce investment boards.

The state will follow Section 133(b)(2)(A)(i) of the Workforce Investment Act to formula allocate funding for adult activities. The following data will be used in computing the allotments:

- The number of unemployed for Areas of Substantial Unemployment are averages for the 12-month period, July 2004 through preliminary June 2005;
- The number of excess unemployed individuals or the Areas of Substantial Unemployment excess (depending on which is higher) are averages for the same 12-month period used for Areas of Substantial Unemployment unemployed data; and
- The numbers of economically disadvantaged adult data (age 22 to 72, excluding college students and military) are from the 2000 Census.

Also, the state will apply the hold harmless provision contained in Workforce Investment Act Section 133(b)(2)(A)(ii.) The hold harmless provision guarantees a local area will not receive an allocation percentage for a fiscal year that is less than 90 percent of the average allocation percentage of the local area for the two preceding fiscal years.

The following are important facts concerning the Workforce Investment Act Adult allocation:

- The allocations should be available for obligation beginning July 1, 2006. (20 Code of the Federal Regulations 667.100)
- Workforce Investment Act adult cost limitations are allocation-based.
- Funds must be, at a minimum, 80 percent obligated at the end of the program year in which the funds were formula allocated – June 30, 2007 for Program Year 2006 Workforce Investment Act allocations. (Workforce Investment Act Section 133(c))
- 70 percent of the allocation including the transfer activities must be spent in the first year.
- Funds must be 100 percent expended by the end of the program year succeeding the program year in which the funds were formula allocated or be returned to the state – June 30, 2008 for Program Year 2006 Workforce Investment Act allocations. (20 Code of the Federal Regulations Part 667.107(b)(2))
- Local administration is limited to a maximum of 10 percent. (Workforce Investment Act Section 128(b)(4) and 20 Code of the Federal Regulations Part 667.210)
- A workforce investment board may transfer up to 100 percent of the Program Year 2006 adult allocation and up to 100 percent of the Program Year 2006 dislocated worker allocation between the two programs. The Governor's approval must be provided before making any such transfer. They can not transfer funds to or from the Workforce Investment Act youth program. (Workforce Investment Act Section 133(b)(4) and 20 Code of the Federal Regulations Part 667.410)

Dislocated Worker Formula Allocations to Indiana's Two Workforce Investment Boards

The following describes the formula for the dislocated worker allocation to Indiana's two workforce investment boards. Of the funding available for dislocated workers, not more than 25 percent may also be reserved for statewide rapid response activities. Mandatory rapid response activities include:

- ◆ Providing rapid response activities in local areas by the state or an entity designated by the state, in coordination with the local boards and chief elected officials in the local area; and
- ◆ Providing additional assistance in local areas that experience disasters, mass layoffs or plant closings, or other events that increase the numbers of unemployed individuals, carried out by the state or an entity designated by the state, in coordination with the local boards and chief elected officials in the local areas. (Workforce Investment Act Section 134(a)(2)(A))

The state will follow Section 133(b)(2)(B) of the Workforce Investment Act in allocating funds for activities for dislocated workers. The legislation mandates the factors that must be used in the local formula, but permits states' discretion in determining data sources and weights assigned each factor. Local input on the dislocated worker allocation formula was obtained through a workgroup convened to provide recommendations on the dislocated worker program in Indiana. The following data will be used in computing the allotments.

Data Used to Compute Program Year 2006 Workforce Investment Act Dislocated Worker Allocations

Allocation Factor	Data Source & Time Period	Weight
Insured Unemployment Data	Annual report of unemployment compensation claimants – unemployment insurance data for Calendar Year 2005	30%
Unemployment Concentration Data	Labor force for counties report – labor market information for Program Year 2004	30%
Plant Closing & Mass Layoff Data	Plant closure/mass layoff report – WARN Notices for Calendar Year 2005	15%
Declining Industries Data	County employment patterns report – labor market information for Calendar Year 2004	10%
Farmer/Rancher Economic Hardship Data	Census of Agriculture – county data for Calendar Year 2003	5%
Long-term Unemployment Data	Annual report of unemployment compensation claimants with 15 or more weeks claimed – unemployment insurance data for Calendar Year 2005	10%

Reallotment of dislocated worker funds to states, as provided for by Section 132(c) of the Workforce Investment Act, is based on completed state financial reports as of the end of the prior program year. Indiana did receive a dislocated worker reallotment in the amount of \$3,685. This is Indiana's portion of the Program Year 2005 dislocated worker deobligated funds returned by other states for their failure to report an 80 percent obligation rate for the year ending June 30, 2005. Therefore, the \$3,685 has been applied as an addition to the normal dislocated worker Program Year 2006 formula allocation.

The following are important facts concerning the Workforce Investment Act Dislocated Worker allocation:

- The Program Year 2006 allocation should be available for obligation beginning July 1, 2006. (20 Code of the Federal Regulations Part 667.100)
- Workforce Investment Act Dislocated Worker cost limitations are allocation-based.
- Funds must be, at a minimum, 80 percent obligated at the end of the program year in which the funds were formula allocated – June 30, 2007 for Program Year 2006 Workforce Investment Act allocations. (Workforce Investment Act Section 133(c))
- 70 percent of the allocation including the transfer activities must be spent in the first year.
- Funds must be 100 percent expended by the end of the program year succeeding the program year in which the funds were formula allocated or be returned to the state – June 30, 2008 for Program Year 2006 Workforce Investment Act allocations. (20 Code of the Federal Regulations Part 667.107(b)(2))
- Local administration is limited to a maximum of 10 percent. (Workforce Investment Act Section 128(b)(4) and 20 Code of the Federal Regulations Part 667.210)

- A workforce investment board may transfer up to 100 percent of the Program Year 2005 adult allocation and up to 100 percent of the Program Year 2006 dislocated worker allocation between the two programs. The Governor's approval must be provided before making any such transfer. They can not transfer funds to or from the Workforce Investment Act youth program. (Section 133(b)(4) and 20 Code of the Federal Regulations 667.410)

Youth Formula Allocations to Indiana's Two Workforce Investment Boards

The following describes the formula for the youth allocation to Indiana's two workforce investment boards. The state will follow Section 128(b)(2)(A)(i) of the Workforce Investment Act in formula allocating funding for youth activities. The following data were used in computing the allocations:

- The number of unemployed for Areas of Substantial Unemployment are averages for the 12-month period, July 2004 through preliminary June 2005;
- The number of excess unemployed individuals or the Areas of Substantial Unemployment excess (depending on which is higher) are averages for the same 12-month period used for Areas of Substantial Unemployment unemployed data; and
- The number of economically disadvantaged youth (age 16 to 21, excluding college students and military) are from the 2000 Census.

Also, the hold harmless provision contained in Workforce Investment Act Section 128(b)(2)(A)(ii) will be enacted. The hold harmless provision guarantees a local area will not receive an allocation percentage for a fiscal year that is less than 90 percent of the average allocation percentage of the local area for the two preceding fiscal years.

The following are important facts concerning the Workforce Investment Act Youth allocation:

- Allocations should be available for obligation beginning July 1, 2006. (20 Code of the Federal Regulations Part 667.100)
- Cost limitations for Workforce Investment Act youth allocations are allocation based.
- Funds must be, at a minimum, 80 percent obligated at the end of the program year in which the funds were formula allocated – June 30, 2007 for Program Year 2006 Workforce Investment Act allocations. (Workforce Investment Act Section 128(c))
- 70 percent of the allocation including the transfer activities must be spent in the first year.
- Funds must be 100 percent expended by the end of the program year succeeding the program year in which the funds were formula allocated or be returned to the state – June 30, 2008 for Program Year 2006 Workforce Investment Act allocations. (20 Code of Federal the Regulations Part 667.107(b)(2))
- Local administration is limited to a maximum of 10 percent. (Section 128(b)(4) and 20 Code of the Federal Regulations Part 667.210)
- Workforce investment boards can not transfer funds to or from the Workforce Investment Act youth program. (Section 133(b)(4) and 20 Code of the Federal Regulations Part 667.410)
- Not less than 30 percent must be expended on services to out-of-school youth. (Workforce Investment Act Section 129(c)(4))

Formula Allocations to the Balance of State's Eleven Regional Workforce Boards

Adult Formula Allocations to Indiana's Eleven Regional Workforce Boards

A regional allocation process very similar to that used for Indiana's two workforce investment boards will be used. This will ensure that formula funding for the regions within the balance of state is equitably allocated. Each part of the formula will be equally weighted.

- The number of unemployed for Areas of Substantial Unemployment are averages for the 12-month period, July 2004 through preliminary June 2005;
- The number of excess unemployed individuals or the Areas of Substantial Unemployment excess (depending on which is higher) are averages for the same 12-month period used for Areas of Substantial Unemployment unemployed data; and
- The numbers of economically disadvantaged adult data (age 22 to 72, excluding college students and military) are from the 2000 Census.

No hold harmless provision will be used at this time.

Dislocated Worker Formula Allocations to Indiana's Eleven Regional Workforce Boards

A regional allocation process very similar to that used for Indiana's two workforce investment boards will be used. This will ensure that formula funding for the regions within the balance of state equitably allocated.

Data Used to Compute Program Year 2006 Workforce Investment Act Dislocated Worker Allocations

Allocation Factor	Data Source & Time Period	Weight
Insured Unemployment Data	Annual report of unemployment compensation claimants – unemployment insurance data for Calendar Year 2005	30%
Unemployment Concentration Data	Labor force for counties report – labor market information for Program Year 2004	30%
Plant Closing & Mass Layoff Data	Plant closure/mass layoff report – WARN Notices for Calendar Year 2005	15%
Declining Industries Data	County employment patterns report – labor market information for Calendar Year 2004	10%
Farmer/Rancher Economic Hardship Data	Census of Agriculture – county data for Calendar Year 2003	5%
Long-term Unemployment Data	Annual report of unemployment compensation claimants with 15 or more weeks claimed – unemployment insurance data for Calendar Year 2005	10%

Youth Formula Allocations to Indiana's Eleven Regional Workforce Boards

A regional allocation process very similar to that used for Indiana's two workforce investment boards will be used. This will ensure that formula funding for the regions within the balance of state is equitably allocated. Each part of the formula will be equally weighted.

- The number of unemployed for Areas of Substantial Unemployment are averages for the 12-month period, July 2005 through preliminary June 2006;
- The number of excess unemployed individuals or the Areas of Substantial Unemployment excess (depending on which is higher) are averages for the same 12-month period used for Areas of Substantial Unemployment unemployed data; and
- The numbers of economically disadvantaged youth data (age 16 to 21, excluding college students and military) are from the 2000 Census.

No hold harmless provision will be used.

Effective Date: July 1, 2006

Ending Date: June 30, 2008

Ownership

Center of Excellence, Career Services

Action

Local administrators are instructed to distribute the information contained in this policy to appropriate staff.

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